

## Message Text

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ACTION COME-00

INFO OCT-01 EA-07 ISO-00 EB-05 DRC-01 RSC-01 /015 W

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R 150346Z APR 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 1252

IMFO RUADLTA/AMCONSUL FUKUOKA 0746

AMCONSUL NAHA

AMCONSUL SAPPORO

AMCONSULOSAKA KOBE

UNCLAS TOKYO 4873

E.O. 11652: N/A

TAGS: BEXP, JA

SUBJECT: FY 1975 IN-STORE PROMOTION

REFS: A. USDOC 5256; B. TOKYO 4698; C. STATE A-1635,

FEB. 27, 1974; D. TOKYO A-971, DEC. 27, 1973;

E. TOKYO A-936, NOV. 27, 1973.

SUMMARY: EMBASSY URGES RESTORATION \$100,000 FUNDING FOR FY 1975 PROGRAM. RECOMMEND FINANCIAL SUPPORT FOR FOUR MAJOR PARTICIPANTS. REQUEST COMMERCE FOLLOW-UP WITH USIA ON LOAN MOON ROCKS AND SPACE SUIT TO TOKYO, AND ASSISTANCE OBTAINING EXHIBIT MATERIAL NEEDS OTHER PARTICIPANTS. END SUMMARY.

1. REDUCTION FY 1975 IN-STORE PROMOTION SUPPORT FUNDS FROM PROPOSED \$100,000 TO \$75,000 PLACES EMBASSY IN DIFFICULT POSITION WITH PROSPECTIVE FY 1975 DEPARTMENT STORE PARTICIPANTS.

2. ALTHOUGH CAREFULLY COUCHED IN TERMS OF AVAILABILITY OF FUNDS, EMBASSY OFFICER HAS ANSWERED SPECIFIC DEPARTMENT STORE QUESTIONS REGARDING USG FINANCIAL SUPPORT ON BASIS REF C, ESTIMATING A MAJOR EFFORT WITH INCREMENTAL PURCHASES OF \$500,000 TO \$1 MILLION WOULD WARRANT HIGHEST POSSIBLE CONTRIBUTION. ALL OF THE UNCLASSIFIED

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STORES LISTED PARAGRAPH 3 BELOW AWARE OF FY 1974 USG

FINANCIAL SUPPORT OF \$25,000 TO EACH PARTICIPATING DEPARTMENT STORE GROUP. EMBASSY'S CONCERN FOR NEGATIVE DEPARTMENT STORE REACTION STEMMING FROM PROPOSED CUT BASED UPON (A) STORES' LIKELY ASSUMPTION USG IS GIVING LOWER PRIORITY IN-STORE PROGRAM; AND (B) USG CONTRIBUTION ALREADY SO SMALL IN RELATION TOTAL STORE PROMOTIONAL BUDGETS THAT FURTHER REDUCTION WOULD SERIOUSLY WEAKEN IMPACT OF USG FINANCIAL INPUT UNLESS OFFSET BY INCREASED USG ASSISTANCE IN ACQUIRING DISPLAY MATERIALS. EMBASSY BELIEVES BALANCE BETWEEN HIGHEST POSSIBLE FINANCIAL CONTRIBUTION AND OTHER USG ASSISTANCE ACHIEVED OVER PAST TWO YEARS HAS BEEN EFFECTIVE AND SHOULD CONTINUE. THUS, ADDED USG SUPPORT FOR DEPARTMENT STORES' DISPLAY REQUIREMENTS WOULD SERVE WELL TO MITIGATE STORE'S CONCERN RE LOWER LEVEL FINANCIAL SUPPORT.

3. MATSUZAKAYA PROPOSAL ENCOMPASSING \$1.0 MILLION IN INCREMENTAL NON-FOOD SALES TOGETHER WITH EMBASSY'S RECOMMENDATION FOR FY 1975 CONTRACT ALREADY SUBMITTED (TOKYO A-687). THREE OTHER PROPOSALS NEWLY RECEIVED BEING SUBMITTED UNDER COVER SEPARATE AIRGRAMS: DAIMARU (\$690,000); TOKYU (\$460,000); AND HANKYU (\$450,000). EMBASSY RECOMMENDS INCLUSION ALL FOUR STORES IN FY1975 PROGRAM SINCE EA H INVOLVES SUBSTANTIAL INCREMENTAL PURCHASES AND TOKYU AND HANKYU INCREMENTAL PURCHASES VIRTUALLY IDENTICAL. IN ADDITION, CONTINUE TO RECOMMEND INCLUSION ORIENTAL NAKAMURA (\$100,000) WITHOUT FINANCIAL CONTRIBUTION ASPECT OF USG SUPPORT (TOKYO A-111).

4. EMBASSY STRONGLY URGES COMMERCE REEXAMINE RESTORATION \$100,000 FUNDING LEVEL FOR JAPAN. IF THIS IS NOT POSSIBLE, EMBASSY RECOMMENDS FOLLOWING SCHEDULE USG FINANCIAL SUPPORT: MATSUZAKAYA, \$22,500; DAIMARU, \$17,500; HANKYU, \$17,500; TOKYU, \$17,500.

5. THIS SCHEDULE OF REDUCED FINANCIAL ASSISTANCE WOULD, AS EXPLAINED IN PARA 2 ABOVE, REQUIRE CLOSER ATTENTION  
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TO OTHER ASPECTS OF USG INPUT, PARTICULARLY ASSISTANCE WITH EXHIBIT MATERIAL. TOKYU DEPARTMENT STORE HAS REPEATED THEIR REQUEST FOR (A) MOON ROCKS AND (B) SPACE SUITE USED IN AUGUST 1973 MITSUKOSHI PROMOTION AS CENTERPIECE ATTRACTIONS FOR THEIR EVENT JULY 4-10, 1974. STORE WILL BE RESPONSIBLE FOR ALL LOGISTICS, HANDLING, AND COSTS WHICH APPLY. IN KEEPING WITH REF C, REPORTING OFFICER REQUESTED USIS TOKYO TO REQUEST LOAN OF THESE TWO

EXHIBITS TO TOKYU DEPARTMENT STORE UNDER SAME  
CONDITIONS AS PROVIDED TO MITSUKOSHI. PAO TOKYO HAS  
REQUESTED USIA WASHINGTON TO CONFIRM AVAILABILITY THESE  
TWO EXHIBITS AND SCHEDULE THEIR SHIPMENT TO TOKYO  
(REF B). OTHER REQUESTS FOR ASSISTANCE IN OBTAINING  
SUITABLE EXHIBIT MATERIALS HAVE BEEN MADE BY MATSUZAKAYA,  
DAIMARU, HANKYU, AND ORIENTAL NAKAMURA, AND ARE INCLUDED  
IN THEIR INDIVIDUAL SUBMISSIONS. USG ASSISTANCE IN  
LMEETING THESE NEEDS WOULD HELP OVERCOME STORES ANTICIPATED  
NEGATIVE REACTION TO ANY LOWER LEVELS OF USG FINANCIAL  
SUPPORT. AT THIS TIME, RECOMMEND COMMERCE FOLLOW UP  
WITH USIA TO EXPEDITE DELIVERY OF MOON ROCKS AND SPACE  
SUIT TO TOKYU DEPARTMENT STORE.

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